

63-6151

16 February 1963

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT: President's Directive on Conflicts of  
interest

1. This memorandum contains a recommendation submitted for Director of Central Intelligence approval. Such recommendation is contained in paragraph 3.

2. On January 21, 1963 the President addressed a memorandum to the heads of executive departments and agencies calling attention to the new statute on conflicts of interest and requesting that each agency review its regulations and submit to the President by March 11 two copies of its regulations revised in the light of the new statute and the President's directive. (See Tab A.) By memorandum of 31 January, addressed to the Deputy Directors, I referred to the President's memorandum and suggested, in view of the tight deadline, the Agency adopt a somewhat more streamlined procedure than normally is used for the preparation of regulations and suggested that representatives of the four Deputy Directors and my Office prepare an appropriate regulation for the Agency. (See Tab B.) This suggestion was accepted. Representatives of the five components were named and have agreed to the attached notice and transmittal letter to the President. I believe the proposed issuance is in compliance with the President's memorandum.

3. Your approval of the attached notice and letter to the President is recommended. (See Tab C.)

(EXECUTIVE REGISTRY FILE See C)

) LAWRENCE R. MOUSTAKIS  
General Counsel

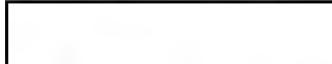
Attachments  
Tabs A-C

OGC Has Reviewed

**CONCURRENCE SHEET FOR INTEGRATION TO DRAFT BY THE GENERAL  
COUNSEL, DATED 26 FEBRUARY 1963, RE: APPROVAL OF THE DIRECTIVE  
ON CONFLICTS OF INTEREST**

**CONCURRENCE:**

STAT

(signed) 

26 FEB 1963



**Deputy Director (Plans)**

**Date**

**Deputy Director (Intelligence)**

**Date**

STAT



**Deputy Director (Support)**

**14 FEB 1963**  
**Date**

**Deputy Director (Research)**

**Date**

**The recommendation in  
paragraph 3 is approved**

(Signed), JOHN A. McCORMICK

**JOHN A. McCORMICK**  
**Director**

**DOCC:EBR:edk**

**Distribution:**

**O-Rega Control Staff via DDCI**

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**I-DDC 1 305 W. 22**

**HWB 4 402 W. 23**

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**HWB 4 402 W. 23 0-0012**

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**I-DD/I**

**I-DD/Approved/For Release 2003/11/04 : CIA-RDP80B01676R003100210034-0**

**I-D/PER**

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2025 RELEASE UNDER E.O. 14176  
REF ID: A

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THE WHITE HOUSE  
WASHINGTON

January 21, 1963

MEMORANDUM FOR THE HEADS OF  
EXECUTIVE DEPARTMENTS AND AGENCIES

Subject: Conflicts of Interest and Ethical Standards of Conduct

Legislation enacted by the last Congress (P. L. 87-849) to revise and strengthen the laws relating to bribery and conflicts of interest of Government personnel becomes effective today. An interpretation of this law prepared by the Department of Justice will be distributed to all departments and agencies within the next few days.

Each department and agency is requested to review its regulations covering conflicts of interest and ethical conduct to ensure that they are consistent with the new law and that they make full use of the provisions in that law which permit the Government more readily to employ experts from outside the Government with appropriate safeguards. In this connection each department and agency should be guided by the minimum standards for department and agency regulations contained in Mr. Dutton's memorandum of July 20, 1961 to the heads of departments and agencies and, where applicable, by the provisions of Executive Order No. 10939. Each department and agency head is requested to submit to me by March 11, 1963, two copies of revised regulations as well as a statement of the means by which they are periodically called to the attention of employees.

A revision of my memorandum of February 9, 1962, on preventing conflicts of interest on the part of advisers and consultants to the Government is in preparation and will be issued in the near future.

It is appropriate as the new statute becomes effective to reaffirm the principle that all government officers and employees must act with integrity, impartiality and devotion to the public interest.

*McGovern*

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B

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21 January 1963

**MEMORANDUM FOR:** Deputy Director (Plans)  
Deputy Director (Intelligence)  
Deputy Director (Support)  
Deputy Director (Research)

**SUBJECT:** **Conflict of Agency Personnel, Consultants,  
Conflicts of Interest**

1. A new statute, P. L. 87-349, "Bribery, Graft, and Conflicts of Interest," has come into force on 21 January 1963. The President in turn has directed a memorandum, "Conflicts of Interest and Ethical Standards of Conduct," to the heads of executive departments and agencies on 21 January 1963, calling for action to implement the new law. Additionally, the Attorney General has distributed a memorandum of 28 January 1963 to the heads of departments and agencies analyzing the conflicts-of-interest provisions contained in the new Act. And, finally, there are a number of regulations, handbooks and perhaps notices now on the books of this Agency and several others in various stages of process having impact in several of these fields.
2. The Presidential memorandum of 21 January requests each department head to submit to the President by 11 March 1963 two copies of revised regulations concerning conflicts of interest and ethical standards of conduct, as well as a statement of the means by which they are periodically called to the attention of employees.
3. In this situation, I would think the Agency should take prompt steps to put its regulations in order. In view of the complexity of the various problems and the somewhat tight deadline, I would suggest that we adopt a more streamlined effort for the drafting and approval of these regulations than the normal Agency procedures for processing regulations would permit. I would suggest, therefore, that a representative of each Deputy Director and one of this Office be appointed to prepare the necessary regulations and submit them for approval.

**If you agree, please refer your representative to me or Mr. Lansdale.**

**4. We are obtaining copies of these documents for Agency use.**

**s/ John S. Barnes**

for **J. C. D. R. C. B., Director**  
**General Counsel**

**5. By way of rather simultaneous implementation of the last sentence above, herewith a copy of the statute, the President's memorandum and the Attorney General's letter and accompanying memorandum.**



**Assistant General Counsel**

**Attachments A/S**

**STAT**

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C

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63-615/A

The President  
The White House  
Washington 25, D. C.

Dear Mr. President:

In accordance with your memorandum of January 21, 1963 to the heads of executive departments and agencies, entitled, "Conflicts of Interest and Ethical Standards of Conduct," I submit herewith two copies of a notice I have approved for this Agency. This notice, together with Agency regulations heretofore in effect, I believe are consistent with the new statute and your memorandum. With reference to the requirement in your memorandum that you also be informed as to the means by which department regulations are periodically called to the attention of employees, attention is invited to paragraph 4 of the notice which specifically charges senior officials of this Agency with this responsibility. The notice will be included in a handbook on employee conduct which is now in preparation.

I am issuing a similar notice for application to our employees assigned abroad.

Yours officially yours,

[Redacted]

ILLEGIB

John W. McCone  
Director

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HN 20-

## BRIBERY, GRAFT, AND CONFLICTS OF INTEREST

### 1. New Statutory Requirements

A statute which became effective January 21, 1963 (Public Law 87-849) revises law concerning bribery, graft, and conflicts of interest and related activities with respect to Government personnel.

### 2. Intended to Facilitate Recruitment

One of the main purposes of the statute is to assist the Government in obtaining the temporary or intermittent services of persons with special knowledge and skills whose principal employment is outside the Government. For this purpose, the statute relaxes the conflicts-of-interest rules with respect to consultants, advisors and other experts.

### 3. Definitions

(a) A "special Government employee" is an employee who is retained, designated, appointed or employed to perform, with or without compensation, for not to exceed 130 days during any period of 365 consecutive days, temporary duties either on a full time or intermittent basis. In general, consultants, advisors and other experts are special Government employees.

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(b) "Official responsibility" means the direct administrative or operating authority, whether intermediate or final, and either exercisable alone or with others, in either personally or through subordinates, to approve, disapprove, or otherwise direct Government action.

4. Requirements As To Special Government Employees

A special Government employee is in general subject only to the following major prohibitions:

(1)(a) He may not, except in the discharge of his official duties, represent anyone else before a court or Government agency in a matter in which the United States is a party or has an interest and in which he has at any time participated personally and substantially for the Government (18 U.S.C. 203 and 205).

(b) He may not, except in the discharge of his official duties, represent anyone else in a matter pending before the agency he serves unless he has served there no more than 60 days during the past 365 (18 U.S.C. 203 and 205). He is bound by this restraint despite the fact that the matter is not one in which he has ever participated personally and substantially.

(2) He may not participate in his governmental

capacity in any matter in which he, his spouse, minor child, outside business associate or person with whom he is negotiating for employment has a financial interest (18 U.S.C. 208).

(3) He may not, after his Government employment has ended, represent anyone other than the United States in connection with a matter in which the United States is a party or has an interest and in which he participated personally and substantially for the Government (18 U.S.C. 207(a)).

(4) He may not, for one year after his Government employment has ended, represent anyone other than the United States in connection with a matter in which the United States is a party or has an interest and which was within the boundaries of his official responsibility during the last year of his Government service (18 U.S.C. 207(b)). This temporary restraint of course gives way to the permanent restriction described in paragraph (3) if the matter is one in which he participated personally and substantially.

5. Requirements As To Other Employees

Any other employee of the Government is in general subject to the following major prohibitions:

- (a) He may not, except in the discharge of his official duties, represent anyone else before a court or Government agency in a matter in which the United States is a party or has an interest. This prohibition applies both to paid and unpaid representation of another (18 U.S.C. 203 and 205).
- (b) He may not participate in his governmental capacity in any matter in which he, his spouse, minor child, outside business associate or person with whom he is negotiating for employment has a financial interest (18 U.S.C. 205).
- (c) He may not, after his Government employment has ended, represent anyone other than the United States in connection with a matter in which the United States is a party or has an interest and in which he participated personally and substantially for the Government (18 U.S.C. 207(a)).
- (d) He may not, for one year after his Government employment has ended, represent anyone other than the United States in connection with a matter in which the United States is a party or has an interest and which was within the boundaries

of his official responsibility during the last year of his Government service (16 U.S.C. 207(b)). This temporary restraint of course gives way to the permanent restraint described in paragraph (c) if the matter is one in which he participated personally and substantially.

(c) He may not receive any salary, or supplementation of his Government salary, from a private source as compensation for his services to the Government (16 U.S.C. 209).

6. Agency Implementation

During January and July of each year, the Deputy Director and the Comptroller, the Inspector General and the General Counsel will bring to the attention of the employees under his supervision, the provisions of this notice.

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CENTRAL INTELLIGENCE AGENCY  
OFFICIAL ROUTING SLIP

TO	NAME AND ADDRESS		DATE	INITIALS
1	Executive Registry 7E12			
2				
3				
4				
5				
6				
	ACTION	DIRECT REPLY	PREPARE REPLY	
	APPROVAL	DISPATCH	RECOMMENDATION	
	COMMENT	FILE	RETURN	
	CONCURRENCE	INFORMATION	SIGNATURE	

Remarks:

FOLD HERE TO RETURN TO SENDER		
FROM: NAME, ADDRESS AND PHONE NO.	DATE	
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